(e) the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL.): (a) to (e) Reserve Bank of India has deregulated the interest rates on fixed deposits and these are determined by Banks themselves. Effective April 29, 1998, commercial banks have also been permitted to offer, at their discretion, varying rates of interest for the same maturity on domestic term deposits of Rs. 15 lakh and above. Banks have, however, to disclose in advance the schedule of interest rates payable on deposits including deposits on which varying interest rates will be paid. Interest rates paid by a bank should be as per the scheduled and should not be subject to negotiation between the depositor and the bank.

Strain on fiscal situation

238. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be leased to state:

(a) whether it is a fact that fiscal situation is under considerable strain presenting a disconcerting picture;

(b) if so, the details thereof and the reasons therefor; and

(c) what steps are proposed to be taken to ensure that the economic situation does not worsen further?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) As per the Controller General of Accounts, the trends in Central Government finances during the current year for the period April-September 2001 compared with similar period during the previous year is as follows:

(Rs. crore)

	April-September 2000-01	April-September 2001-02
Revenue Receipts	82898	79203
Total expenditure	130115	145037
Non-Plan expenditure	94408	107152
Revenue deficit	26306	43615
Fiscal deficit	42592	5726

(c) The Government is conscious of the need for better fiscal management to contain non-plan revenue expenditure and increase revenue receipts. With aview to achieve fiscal consolidation, the Budget for 2001-02 emphasises expenditure management through the process of bringing about structural

changes in the composition of Central Government expenditure, economy in non-plan revenue expenditure while improving the quality of expenditure. To this end the Budget contains a number of initiatives which among others include restricting fresh recruitment to one per cent of total civilian staff strength, revision in user charges for services provided by the Government and its agencies keeping in view the increased cost of these services etc. Further, with a view to reduce interest burden, most administered interest rates were reduced by 1.5 per cent as of March 1, 2001. Besides, the Fiscal Responsibility and Budget Management Bill, 2000 was introduced in Parliament in December 2000. This Bill includes provisions relating to ceiling on debt, deficit and borrowing.

Fiscal Deficit

239. SHRI RAM DAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item appearing in the Hindustan Times dated 1st November, 2001 captioned "Inflation may go up: World Bank warns India" because of the mounting fiscal deficit and monetary expansion in the country;

(b) if so, whether fiscal deficit is likely to go up to 10.5 per cent from the presently shown deficit of 5.3 per cent of G.D.P. in 2000; and

(c) what steps Government propose to take to check/attend to "financial strain"?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Yes, Sir. The World Bank Report has indicated that mounting fiscal deficit and monetary expansion in India could lead to higher inflation level. As per the Reserve Bank of India, the gross fiscal deficit (GFD) of the Central Government for 2000-01, as per the revised estimates, is 5.1 per cent of GDP. The consolidated GFD of States for 2000-01, as per the revised estimates, is 4.4 per cent of GDP. Accordingly, the combined gross fiscal deficit of the Centre and States for 2000-01 is estimated at 9.1 per cent of GDP as against 9.4 per cent in 1999-2000. For 2001-02, the budget has projected the Center's GFD at 4.7 per cent of GDP. The consolidated GFD of the twenty-eight States and National Capital Territory of Delhi for 2001-02 is estimated at 3.9 per cent of GDP. The budget estimates place combined gross fiscal of Centre and States for 2001-02 at 8.2 per cent of GDP.

(c) The Government is conscious of the need for better fiscal management